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## Viewing cable 05LIMA4569, WHA/AND DIRECTOR'S MEETINGS ON BILATERAL

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- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
<a href="#">05LIMA4569</a>	<a href="#">2005-10-24 18:00</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Lima</a>

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This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 04 LIMA 004569

SIPDIS

DEPARTMENT PLEASE PASS TO USTR

E.O. 12958: DECL: 10/20/2015

TAGS: [PREL](#) [SNAR](#) [ETRD](#) [PHUM](#) [PTER](#) [PE](#)

SUBJECT: WHA/AND DIRECTOR'S MEETINGS ON BILATERAL  
RELATIONS, TRADE, NARCOTICS, AND HUMAN RIGHTS

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(d)  
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SUMMARY  
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**1.** (C) In meetings with Foreign Ministry, congressional, economic, trade, counternarcotics, and human rights officials/activists on 10/17-18, visiting WHA/AND Director Philip French received a briefing on Peruvian views on bilateral relations (termed excellent, with a plug for a Toledo-POTUS meeting), Free Trade Agreement negotiations (Peru wants to sign ASAP, but pleads for more give/less take on agriculture), combating drugs (Peruvian officials want more funding), the human rights situation (the activists characterized the GOP's sins as those of omission, not commission), Venezuelan President Hugo Chavez (termed more an annoyance than a real threat), and domestic politics in an election year. French also toured the new USAID-supported Commercial Courts. END SUMMARY.

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THE PARTICIPANTS  
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**2.** (U) During a hectic two days of meetings/lunches in Lima on 10/17-18, WHA/AND Director Philip French met with:

-- leading presidential contenders Alan Garcia and Lourdes Flores (Septel);

-- Foreign Ministry officials: Under Secretary for the Americas Pablo Portugal, Director of North American Affairs

Nestor Popolizio, Director of Narcotics Affairs Dora Salazar, Director of Economic Affairs Gonzalo Gutierrez, and Deputy Director of Defense and Security Affairs Carlos Yrigoyen;

-- anti-narcotics officials: National Drug Agency (DEVIDA) Senior Advisor Alfredo Barreto, DEVIDA officer Jorge Valencia, National Police Anti-Narcotics Directorate (DIRANDRO) commander Gen. Carlos Olivo, Interior Ministry Executive Office of Drug Control (OFECOD) Director Gen. Jorge Alvarez, and anti-drug NGO CEDRO Director Alejandro Vassilaqui;

-- economic/trade officials: Minister of Production David Lemor, Vice Minister of Agriculture Julio Escudero, FTA Agriculture negotiator Julio Paz, and Trade Ministry (MINCETUR) FTA coordinator Eduardo Ferreyros.

-- Congressmen Antero Flores-Araoz (Unidad Nacional) and Luis Iberico (Independent Moralizing Front - FIM);

-- human rights activists: Alejandro Silva of the Human Rights Coordinator (an umbrella organization for human rights NGOs), Ivonne Macassi of IDEPUEP (the Catholic University's human rights division), and Jorge Ramirez, Director of the Afro-Peruvian Association; and

-- Commercial Court judges.

#### ----- BILATERAL RELATIONS -----

13. (C) The Foreign Ministry officials highlighted the "excellent" state of bilateral relations, pointing to advances in counternarcotics and counterterrorism cooperation through the CNIES agreement and ongoing coca eradication that should surpass the hectareage goals for the year. U/S Portugal noted that Peru will assume a seat on the UN Security Council for 2006-2007, and looks forward to cooperating with the U.S. on terrorism and other security issues. He also repeatedly urged a positive response to President Alejandro Toledo's request to meet with President Bush, indicating that Toledo would like to raise the FTA negotiations from the technical to the "political level."

14. (C) WHA/AND French stressed that Latin America remains a priority for President Bush, who has instructed the State Department to focus on strengthening democratic institutions and promote economic growth/poverty reduction in the hemisphere. He noted that the U.S. views Peru as a partner in these efforts, as well as in combating populism and ensuring regional security in the Andes. The Foreign Ministry officials agreed with this assessment, citing it in support for their argument that Peru's large rural population (1/3 of the total) makes FTA agricultural issues into social/political stability issues as well, and thus there should be more give/less take on agricultural matters from U.S. negotiators. They added that it was important for regional stability that the U.S. keep the door open for Ecuador and Bolivia to join the U.S.-Andean FTA.

#### ----- THE FREE TRADE AGREEMENT -----

15. (C) The economic/trade officials urged for a rapid conclusion to the FTA negotiations. Production Minister Lemor emphasized that Peru is ready to wrap up talks on the most difficult issue, agriculture, and would like to negotiate with AUSTRAL Johnson's replacement to close that chapter by next month. MINCETUR FTA Coordinator Ferreyros said that Peru and Colombia are working well together, but that Ecuador is slowing the two down on Intellectual Property issues, notably data protection. He did not/not expect, however, that Ecuador's position would prove a hindrance to Peru and Colombia moving forward.

16. (C) Regarding timing for an FTA vote in Peru's Congress, Lemor indicated that the GOP has three options:

-- seek a vote before the April 2006 general elections;  
-- present the agreement after the elections, but before the next government takes office on 7/28/05; or  
-- leave it to the next Government,

indicating that he favored the second option. Congressmen Flores-Araoz and Iberico, in their meeting with WHA/AND French, stated that submitting the FTA to Congress in late-May/early June, after the second round of presidential elections, would be optimal to ensure that the FTA avoids being caught up in the electoral turmoil.

17. (C) The Peruvian economic/trade team were concerned about declining public support for the FTA, down from over 70 percent earlier this year to 51 percent in the most recent

poll. MINCETUR's Ferreyros stated that his ministry has hired an outside consultant (noted journalist Cesar Campos) to help promote the accord and refute the scare-tactic arguments of FTA opponents. He explained that the campaign will consist largely of radio and TV spots, primarily outside of Lima. Production Minister Lemor added that private sector associations are also organizing a pro-FTA publicity campaign. He warned that Peru's Congress will be subject to the winds of public opinion as the election season progresses.

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COUNTERNARCOTICS ISSUES  
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18. (C) Foreign Ministry and counternarcotics officials both repeatedly pleaded for more money, decrying the planned reduction in USG CN funding for Peru, particularly as CN funding will remain steady for Colombia. WHA/AND French explained that the budget situation was unlikely to improve, given competing CN demands from Iraq and Afghanistan, as well as Hurricane Katrina relief, and that both the Peruvians and the USG need to explore ways to use existing resources more efficiently. Items of note raised by the anti-narcotics officials during the discussions included:

-- new DIRANDRO commander Gen. Olivo acknowledging the lack of inter-agency coordination, as he noted that this was the first time he had met with DEVIDA (the agency responsible for intra-governmental coordination) since taking office two months ago;

-- Gen. Olivo's admission that he has no/no funding to implement the new precursor chemical law;

-- traditional use of coca is an untouchable issue, with one million dedicated and three million occasional users;

-- cocaine use is increasing (polls indicate eight percent of the population have tried cocaine or PCB at least once);

-- coca leaf production per hectare is increasing, from 1.2 tons to up to three tons per hectare; and

-- the radicalization of cocalero movements requires a larger police presence to protect eradicators.

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HUMAN RIGHTS  
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19. (C) The human rights activists praised the Toledo Administration for its positive approach to human rights, but faulted the Government for failing to implement the recommendations of the Truth and Reconciliation Commission, to resolve the problems of prison overcrowding, to successfully prosecute military and police officials accused of committing human rights offenses, or to come up with a formula that ensures that local communities' interests and participation are included in the design and implementation of mining projects. They agreed that the GOP's sins were primarily those of omission, not commission. Silva and Macassi criticized what they say as insufficient political will to confront seriously the country's human rights problems, but Ramirez gave a spirited defense of the Toledo Government's improvements in human rights legislation.

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HUGO CHAVEZ  
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10. (C) In his meeting with Foreign Ministry officials, WHA/AND French raised the issue of Venezuelan President Hugo Chavez' regional destabilization efforts, asking whether the GOP believed Chavez was attempting to extend his Bolivarian Revolution to Peru? The Peruvians vehemently rejected this possibility, claiming that Chavez believes that the hemisphere is divided into separate axis, and that Peru and Colombia are part of the "Monroeian Axis." They acknowledged Chavez's support for destabilizing elements in Peru, Ecuador and especially Bolivia, but opined that in the case of Peru his interference was more an annoyance than a threat. Engagement, they argued, was the proper tactic to take with Chavez, not isolation. WHA/AND French agreed with this assessment, explaining that while the USG's policy was to engage with the GOV, it could not ignore Chavez's continued anti-U.S. comments or his interference in the internal affairs of other countries.

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DOMESTIC POLITICS  
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11. (C) Congressmen Flores-Araoz and Iberico were upbeat about domestic political stability, although they observed that in an election year there were only limited opportunities for legislative action. Flores-Araoz, who

heads the Constitutional Affairs Committee (and served as Congress President in 2004-2005) said that the current Congress should pass legislation aimed at creating a professional civil service, along with some last minute electoral code reforms, "and nothing else." Iberico, who heads the Defense Committee, indicated that he is in no/no hurry to pass a draft coca law in an election year, and will be holding extended hearings on the bill. They were both highly critical of attempts by the Constitutional Tribunal to extend its jurisdiction to appeals from National Electoral Board (JNE) decisions (the Constitution itself states that JNE decisions are final) and of anti-system NGOs that receive funding from the U.S. and other democracies.

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COMMERCIAL COURTS  
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12. (U) Commercial Court Chief Judge Julio Wong provided a tour of the new Commercial Courts facilities, highlighted by interviews with commercial judges and a demonstration of the Court's webpage, which will incorporate all rulings, thereby maximizing transparency and creating a record of jurisprudence that will serve as legal precedent. The Commercial Courts began functioning in April 2005, supported by USD 2.4 million in USAID technical, training and equipment assistance. There currently are 15 commercial judges (five more are planned). Since commencing operations, the commercial judges have reduced the processing time for handling a case at the trial level from two years to 2-3 months, with the appellate process reduced from an addition 1-2 years to 2-3 months. According to Wong, litigants have a higher acceptance rate of the Commercial Courts' decisions, with only about 10 percent of cases appealed to the next highest level, whereas in other civil cases some 80 percent of decisions are appealed. The banking sector is particularly pleased with the Courts' operations, he added, with banks offering to pay higher court fees in order to assure the sustainability of the system. Furthermore, Wong concluded, the Judicial Branch leadership strongly supports the Commercial Courts, holding them forth as an example that judicial reform can succeed in Peru during its current lobbying efforts in Congress to secure a higher budget allocation.

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COMMENT  
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13. (C) WHA/AND French's visit was very useful in providing Peruvian government officials with a Washington perspective on the FTA negotiations and limiting factors on future counternarcotics funding. Our interlocutors, in turn, provided a bird's-eye view of the GOP's priorities and prospects as the Toledo regime winds down and election campaigning heats up. END COMMENT.  
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